



Item 5b

Date: September 20, 2006

To: Cultural Heritage Commission

From: Cultural Heritage Commission Staff

Subject: Mills Act Application — 4242 Pine Avenue, Henry Clock Residence

PLANNING CASE [Project No. N/A at this time]: Mills Act application request by property owners Kevin Poi and Tom Hoehn for the City of Long Beach designated landmark property located at 4242 Pine Avenue, which is historically referred to as the Henry Clock Residence.

BACKGROUND:

This property was designated a City landmark in 1985 (ordinance no. C-6154). The Henry Clock Residence, designed by Kirtland Cutter, was constructed in 1933 in the Monterey Revival style. The property is historically significant for its architectural qualities, its association with personage of note, and its connection with architect Kirtland Cutter. The dwelling has undergone minimal changes since it was built though a rear recreation room was removed for the construction of a one-story compatible addition in 2003. Since that time the owners have maintained the historical qualities of the house (interior and exterior) and grounds.

As part of the City's Cultural Heritage Ordinance the City Council authorized designated landmarks and contributing structures located in designated historic districts to be considered "qualified historical properties" eligible for historical property contracts submitted pursuant to the provisions of California Government Code Sections 50280-50290. As a result, property owners of such designated historic properties may file a Mills Act contract application. Once approved, a Mills Act contract requires the County Tax Assessor's office to determine the value of the historic property based upon its current net operating income rather than upon the traditional assessed valuation method, resulting in a property tax reduction. For owner-occupied structures, the net operating income is determined by the income the property would produce if rented. In exchange for the property tax reduction, the owner agrees to protect, maintain, and if necessary, restore the historic property.

The initial Mills Act contract is ten (10) years. However, each year on the anniversary of the contract's effective date, an additional year is added to the contract term unless the property owner or the City submits a notice of non-renewal to the other party in a timely manner. Effectively, the actual term of the contract is at least ten years, but may be indefinite, as it is automatically annually renewed.

PROJECT DESCRIPTION:

The property owners of 4242 Pine Avenue have requested to enter into a Mills Act contract to offset the cost of normal maintenance and repairs. The Mills Act contract savings would be used for continued maintenance of building details, which are integral to the property's historic integrity, including painting, roofing, and electrical work, as well as repairs to gutters, doors, windows, porches, and other architectural features.

ANALYSIS:

The maintenance plan for this property is included in the Mills Act application and will be incorporated into the Mills Act contract. The maintenance plan provides a list of projects to be completed by the property owner during the initial ten year contract term. In addition, the application provides an estimate of the property owner's tax savings as well as an estimate of the City's annual costs due to the property tax reduction. Since this estimate is based on financial data submitted by the applicant, the County Assessor will verify the calculation prior to the final tax assessment. By executing the contract, the City does not corroborate the applicant's submitted financial statement, but authorizes tax abatement for the property.

Execution of this Mills Act contract would result in reduced property tax revenue to the City. The actual amount of the tax reduction is determined by the Los Angeles County Assessor, based on an evaluation of the worksheet provided with the application. The current annual property taxes for this property are approximately \$10,339 although the application states that the annual cost to the City in lost tax revenue would begin at approximately \$1,746 and increase at a rate just below 2% each year, the actual revenue loss is subject to review and determined by the County Tax Assessor once the contract has been executed and recorded with the County.

ENVIRONMENTAL ASSESSMENT:

For environmental purposes, this project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) in that it can be seen with certainty that the proposed project does not have the potential for causing a significant effect on the environment.

RECOMMENDATION:

It is recommended that the Cultural Heritage Commission approve the attached Mills Act application and forward its recommendation to the Planning Commission for ultimately approval by the City Council. The Mills Act is one of the few financial incentives available to owners of historic properties and is an important tool in the Commission's efforts to encourage the designation and long term preservation of the City's historic resources.

EXHIBITS:

1. Mills Act Application
2. Location/District Map
3. Applicant Photos